

Ms. Alta Dubose, Controller
Marion County Hospital District
Post Office Box 1150
Marion, South Carolina 29571

Re: AC# 3-ENG-J5 – English Park Nursing Center

Dear Ms. Dubose:

The accompanying report has been prepared by our office based on your Medicaid Financial and Statistical Report submitted to the Department of Health and Human Services for the cost report period October 1, 1994 through September 30, 1995. That report was used to set the rate covering the contract periods beginning October 1, 1996.

We are recommending that the Department of Health and Human Services certify an accounts payable for amounts underpaid as a result of the rate changes shown on Exhibit A. You will be notified of settlement terms by that agency.

If you take exception to this report in any manner, you have the right to appeal in accordance with the Code of Laws of South Carolina, 1976 as amended, Title 44, and Department of Health and Human Services Regulation R.126-150, and you must respond in writing within thirty (30) calendar days of the date of this letter. This written response must address the specific items in the report being appealed, and must be directed to the Appeals and Hearings, Department of Health and Human Services, Post Office Box 8206, Columbia, South Carolina 29202-8206. Any correspondence should include the control number appearing on Exhibit A of this report.

Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/cwc

cc: Ms. Brenda L. Hyleman
Mr. Jeff Saxon
Mr. Robert M. Kerr

Ms. Alta Dubose, Controller
Marion County Hospital District
Post Office Box 1150
Marion, South Carolina 29571

Re: Draft Report - AC# 3-ENG-J5 – English Park Nursing Center

Dear Ms. Dubose:

The accompanying draft report has been prepared by our office. Please review the adjustments as presented.

If you have any questions concerning this report and would like a formal exit conference with the auditors, please write to me regarding the establishment of a meeting date. Your correspondence should include the above referenced control number. Your request for a conference must be made within five (5) calendar days of your receipt of this report, and the conference must be held within ten (10) calendar days of your receipt of this report. Any additional documentation in support of allowable cost must be received by our office no later than ten (10) calendar days after your receipt of this report.

If we do not hear from you within five (5) calendar days of your receipt of this report, we will assume you do not want an exit conference. In this case, I will reissue this report to you in final form and you will have thirty (30) calendar days in which to file a formal appeal if you so desire.

Yours very truly,

R. James McClam, CPA
Director of Federal Audits

RJM/cwc

cc: Ms. Brenda L. Hyleman
Mr. Jeff Saxon
Mr. Robert M. Kerr

Ms. Brenda L. Hyleman, Director
Division of Home Health and Nursing Home Services
Department of Health and Human Services
Post Office Box 8206
Columbia, South Carolina 29202-8206

Re: Draft Report - AC# 3-ENG-J5 – English Park Nursing Center

Dear Ms. Hyleman:

Please review the adjustments contained in the accompanying draft report. If you have any comments or disagreements with the adjustments and resulting computations, please contact me within five (5) calendar days.

Use of the above referenced control number is requested on any subsequent correspondence pertaining to this report.

If you do not have any comments, it will be assumed you are in agreement with the report and only those concerns of the Provider, if any, will be considered prior to the issuance of the final report.

Yours very truly,

R. James McClam, CPA
Director of Federal Audits

RJM/cwc

cc: Mr. Jeff Saxon
Mr. Robert M. Kerr

ENGLISH PARK NURSING CENTER

MARION, SOUTH CAROLINA

**CONTRACT PERIODS
BEGINNING OCTOBER 1, 1996
AC# 3-ENG-J5**

REPORT ON CONTRACT

FOR

PURCHASE OF NURSING CARE SERVICES

WITH

STATE OF SOUTH CAROLINA

DEPARTMENT OF HEALTH AND HUMAN SERVICES

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

August 29, 2000

Department of Health and Human Services
State of South Carolina
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Department of Health and Human Services, solely to compute the rate change and related adjusted reimbursement rate to be used by the Department in determining the reimbursement settlement with English Park Nursing Center, for the contract periods beginning October 1, 1996, and for the twelve month cost report period ended September 30, 1995, as set forth in the accompanying schedules. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Department of Health and Human Services. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. We tested selected costs or areas based on our analytical procedures applied to the reimbursable Medicaid program costs as shown on the Financial and Statistical Report for Nursing Homes, as filed by English Park Nursing Center, to determine if these costs were allowable as defined by the State Plan for Medicaid reimbursement purposes and supported by accounting and statistical records maintained by the provider. Our findings as a result of these procedures are presented in the Adjustment Report, Summary of Costs and Total Patient Days, and Cost of Capital Reimbursement Analysis sections of this report.
2. We recomputed the Computation of Reimbursement Rate using the adjusted costs and calculated the rate change in accordance with the provisions of the contract between the Department of Health and Human Services and English Park Nursing Center dated as of October 1, 1994 as amended. Our findings as a result of these procedures are presented in the Computation of Rate Change and Computations of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services
State of South Carolina
August 29, 2000

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the South Carolina Department of Health and Human Services and is not intended to be and should not be used by anyone other than the specified party.

Thomas L. Wagner, Jr., CPA
State Auditor

ENGLISH PARK NURSING CENTER
Computation of Rate Change
For the Contract Periods
Beginning October 1, 1996
AC# 3-ENG-J5

	<u>10/01/96-</u> <u>03/31/97</u>	<u>04/01/97-</u> <u>09/30/97</u>
Adjusted reimbursement rate	\$90.12	\$93.33
Interim reimbursement rate (1)	<u>87.17</u>	<u>90.35</u>
Increase in reimbursement rate	\$ <u>2.95</u>	\$ <u>2.98</u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated December 3, 1999

ENGLISH PARK NURSING CENTER
Computation of Adjusted Reimbursement Rate
For the Contract Period October 1, 1996 Through March 31, 1997
AC# 3-ENG-J5

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services	\$ -	\$52.57	\$40.81	\$40.81
Dietary	<u>.73</u>	<u>9.62</u>	<u>10.45</u>	<u>9.62</u>
Subtotal	<u>\$.73</u>	62.19	51.26	50.43
Laundry/Housekeeping/Maint.	\$ -	9.25	7.17	7.17
Administration & Med. Rec.	<u>-</u>	<u>17.04</u>	<u>7.82</u>	<u>7.82</u>
Subtotal	<u>\$ -</u>	88.48	<u>\$66.25</u>	65.42
<u>Costs Not Subject to Standards:</u>				
Utilities		3.59		3.59
Special Services		-		-
Medical Supplies & Oxygen		1.89		1.89
Taxes and Insurance		1.43		1.43
Legal Fees		<u>.32</u>		<u>.32</u>
TOTAL		<u>\$95.71</u>		72.65
Inflation Factor (4.90%)				3.56
Cost of Capital				12.93
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive - For General Services and Dietary				.73
Effect of \$1.75 Cap on Cost/Profit Incentives				-
Minimum Wage Add-On				<u>.25</u>
 ADJUSTED REIMBURSEMENT RATE				 <u>\$90.12</u>

ENGLISH PARK NURSING CENTER
Computation of Adjusted Reimbursement Rate
For the Contract Period April 1, 1997 Through September 30, 1997
AC# 3-ENG-J5

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services	\$ -	\$52.57	\$43.87	\$43.87
Dietary	<u>.73</u>	<u>9.62</u>	<u>10.45</u>	<u>9.62</u>
Subtotal	<u>\$.73</u>	62.19	54.32	53.49
Laundry/Housekeeping/Maint.	\$ -	9.25	7.17	7.17
Administration & Med. Rec.	<u>-</u>	<u>17.04</u>	<u>7.82</u>	<u>7.82</u>
Subtotal	<u>\$ -</u>	88.48	<u>\$69.31</u>	68.48
<u>Costs Not Subject to Standards:</u>				
Utilities		3.59		3.59
Special Services		-		-
Medical Supplies & Oxygen		1.89		1.89
Taxes and Insurance		1.43		1.43
Legal Fees		<u>.32</u>		<u>.32</u>
TOTAL		<u>\$95.71</u>		75.71
Inflation Factor (4.90%)				3.71
Cost of Capital				12.93
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive - For General Services and Dietary				.73
Effect of \$1.75 Cap on Cost/Profit Incentives				-
Minimum Wage Add-On				<u>.25</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$93.33</u>

ENGLISH PARK NURSING CENTER
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1995
AC# 3-ENG-J5

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments <u>Debit</u>	<u>Credit</u>	Adjusted <u>Totals</u>
General Services	\$ 689,740	\$ 182,325 (1)	\$ 32,569 (2)	\$ 839,496
Dietary	206,885	8,644 (2)	61,912 (1)	153,617
Laundry	20,567	-	-	20,567
Housekeeping	75,463	3,693 (2)	8,605 (1)	70,551
Maintenance	51,396	3,367 (1) 1,895 (2)	-	56,658
Administration & Medical Records	524,467	18,337 (2)	270,745 (1)	272,059
Utilities	54,556	2,698 (1)	-	57,254
Special Services	-	-	-	-
Medical Supplies & Oxygen	76,546	-	46,408 (1)	30,138
Taxes and Insurance	4,991	17,807 (1)	-	22,798
Legal Fees	225	4,857 (1)	-	5,082
Cost of Capital	135,368	505,655 (1)	189,370 (3) 245,186 (4)	206,467
Subtotal	1,840,204	749,278	854,795	1,734,687

ENGLISH PARK NURSING CENTER
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1995
AC# 3-ENG-J5

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	<u>Debit</u>	Adjustments <u>Credit</u>	Adjusted <u>Totals</u>
Ancillary	24,266	-	24,266 (1)	-
Non-Allowable	1,525,118	189,370 (3)	1,235,498 (1)	724,176
	<u> </u>	<u>245,186 (4)</u>	<u> </u>	<u> </u>
Total Operating Expenses	<u>\$3,389,588</u>	<u>\$1,183,834</u>	<u>\$2,114,559</u>	<u>\$2,458,863</u>
TOTAL BEDS <u>44</u>		TOTAL PATIENT DAYS <u>15,968</u>		

ENGLISH PARK NURSING CENTER
Adjustment Report
Cost Report Period Ended September 30, 1995
AC# 3-ENG-J5

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	General Services	\$ 182,325	
	Maintenance	3,367	
	Utilities	2,698	
	Taxes and Insurance	17,807	
	Legal	4,857	
	Cost of Capital	505,655	
	Other Equity	930,725	
	Dietary		\$ 61,912
	Housekeeping		8,605
	Administration		270,745
	Medical Supplies		46,408
	Ancillary		24,266
	Nonallowable		1,235,498
	To adjust cost centers to amounts per the hospital Medicare cost report HIM-15-1, Section 2300		
2	Dietary	8,644	
	Housekeeping	3,693	
	Maintenance	1,895	
	Administration	18,337	
	General Services		32,569
	To adjust employee benefits allocation State Plan, Attachment 4.19D		
3	Nonallowable	189,370	
	Cost of Capital		189,370
	To adjust depreciation to comply with capital cost policy State Plan, Attachment 4.19D		

ENGLISH PARK NURSING CENTER
Adjustment Report
Cost Report Period Ended September 30, 1995
AC# 3-ENG-J5

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
4	Nonallowable Cost of Capital	245,186	245,186
	To adjust capital return State Plan, Attachment 4.19D		
		<hr/>	<hr/>
	TOTAL ADJUSTMENTS	<u>\$2,114,559</u>	<u>\$2,114,559</u>

Due to the nature of compliance reporting, adjustment descriptions and references contained in the preceding Adjustment Report are provided for general guidance only and are not intended to be all-inclusive.

ENGLISH PARK NURSING CENTER
Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended September 30, 1995
AC# 3-ENG-J5

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>2.0472</u>
Deemed Asset Value (Per Bed)	31,973
Number of Beds	<u>44</u>
Deemed Asset Value	1,406,812
Improvements Since 1981	45,059
Accumulated Depreciation at 9/30/95	<u>(361,123)</u>
Deemed Depreciated Value	1,090,748
Market Rate of Return	<u>.070</u>
Total Annual Return	76,352
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	76,352
Depreciation Expense	132,819
Amortization Expense	-
Capital Related Income Offsets	(2,704)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	206,467
Total Patient Days (Actual Days)	<u>15,968</u>
Cost of Capital Per Diem	\$ <u><u>12.93</u></u>